

IN FPM Chapter I-4
RETAIN UNTIL SUPERSEDED.

FPM LET. 450-1

UNITED STATES CIVIL SERVICE COMMISSION

FEDERAL PERSONNEL MANUAL SYSTEM

LETTER

Washington 25, D. C.

May 26, 1961

FPM LETTER NO. 450-1

SUBJECT: REVISIONS IN THE FEDERAL INCENTIVE AWARDS PROGRAM

(Revisions effective July 1, 1961)

Heads of Departments and Independent Establishments:

During the past six years the Federal agencies have, in accordance with the intent of the Government Employees Incentive Awards Act, made substantially increased use of employee suggestion programs, and awards for superior performance have increased from a nominal amount to a point where 3.4% of Federal employees received such awards in F. Y. 1960. There have been impressive measurable benefits from these employee contributions as well as important intangible benefits.

With the increased volume of employee suggestions, management and supervisory officials have expressed interest in raising the standards and otherwise improving the suggestion program to encourage greater benefits and success in the future.

In line with the Commission's interest in seeing the incentive awards program used effectively and vigorously to improve government operations, the Commission staff has surveyed the views of Regional Directors, agency incentive awards officers, management and supervisory officials of field establishments, and the Interagency Advisory Group with regard to changes that would increase the value of the suggestion program.

ACTION TO STRENGTHEN THE PROGRAM

These surveys have indicated the need for the following four-point

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program for strengthening the operations of the suggestion system:

1. A HIGHER STANDARD FOR CASH AWARDS

Section 32.302 "Cash Awards — Tangible Benefits" and Section 32.303 "Cash Awards — Intangible Benefits" of the Civil Service Commission Regulations have been revised to raise the standard for granting the minimum cash award. The standard is set by specifying in Section 32.302 that the minimum cash award will be granted for cases with tangible benefits only when the tangible benefits have a value of \$50 or more. The standard is set for cases with intangible benefits by specifying in Section 32.303 that the minimum cash award will be granted when the contribution compares favorably with those receiving the minimum cash award for tangible benefits. Within this statement of principle the agencies may develop additional guide lines that may be useful to them in arriving at decisions on the types of cases that are common to their agencies.

This minimum standard assures that cash awards will be used as an incentive in those cases where the benefits to the government clearly exceed the general cost of processing a suggestion.

An employee contribution which does not merit a cash award under the new standard may be recognized by a certificate, letter of appreciation, or other means considered appropriate for the circumstances.

2. AN IMPROVED AWARDS SCALE

In recognition of the revisions to Sections 32.302 and 32.303 to establish a higher standard for granting cash awards, revisions have also been incorporated in these sections to raise the minimum cash award to \$15.

In addition, to help in focusing additional employee attention on the desirability for suggestions with appreciable tangible benefits, the awards scale for tangible benefits has been revised to permit larger awards. Under the improved scale the award will be 5% of the tangible benefits up to the level of \$10,000 in benefits.

3. ACTION TO IMPROVE ADMINISTRATION

The major objective of the suggestion system is improvement in efficiency and economy of government operations. The administration of the system should be as efficient and simple as is consistent with this objective.

In furtherance of this objective we recommend:

- That each agency establish in its operating manual a definition of a suggestion which contains a specific statement to exclude the kinds of proposals often received which should be ineligible

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under the suggestion program. In general, we recommend excluding

- o proposals which merely call attention to the need for routine maintenance and repair work;
 - o proposals to improve working conditions that the employee or his immediate supervisor can correct through normal or customary action, and
 - o any other proposals which do not suggest specifically a means for improving the operations of the agency or of the government.
- That agencies specify in their instructions that employee proposals will not be evaluated through the suggestion system when they do not meet the agency's definition of a suggestion, or when it is obvious that the potential benefits of the proposal, if adopted, would not be sufficient to offset the cost of processing it for evaluation. Employee proposals which are excluded from the suggestion system should, of course, receive any attention that is desirable or necessary through regular administrative channels as an employee relations matter.
 - That a suggestion not be referred from one agency to another unless
 - (a) it has been adopted and there is reason for believing it has potential use in the other agency, or
 - (b) the originating agency recommends its adoption by the other agency, or
 - (c) a designated official of the incentive awards program has made a specific decision that there appears to be sufficient potential merit to warrant referral outside the agency.
 - That use be made of regular administrative channels to obtain an evaluation of a suggestion that must go to a higher organizational level whenever this will shorten the number of steps in the evaluation process.
 - That agencies consider the possibility of delegating authority to the chairman or secretary of the awards committees to approve small awards (for example \$25.00 or less) without prior review by the whole committee.

Additional details on these techniques will be provided to the agencies through incentive awards publications and later be incorporated as advisory material in a supplement to Chapter I-4 of the Federal Personnel Manual.

4. USE OF PRACTICES THAT ENCOURAGE BETTER SUGGESTIONS

To encourage better suggestions, we urge a positive and active program which includes techniques of the following types:

Give assistance to the employee --

- o Supply How-to-do-it pointers or guides to the employee on developing useful ideas.

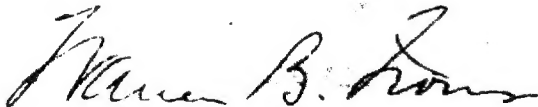
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- o Emphasize that the employee should look for ideas on subjects where he has special knowledge—generally this will be in his own work environment.
 - o Encourage employees to submit suggestions through the supervisor so that he will have an opportunity to give advice and assistance.
- Use the program to serve the needs of operating management.
- o Inform employees of management-identified broad problem areas in which suggestions are wanted. This technique has two basic values. First, it identifies problem areas for the employee. This is needed before constructive improvement can be developed. Second, it tends to focus the suggestion activity on areas management feels are most important.
 - o Encourage supervisors to use the program to enlist employee assistance in improving operations in their own units. Give recognition to the supervisors who do improve their unit's operation through ideas submitted by their staff.
 - o Use the awards program to dramatize the need for ideas that have dollar savings.
 - o Use the awards program to support management improvement activities such as records management, conservation of materials, organization and methods studies, etc.

Further information on these techniques will be provided to the agencies through incentive awards publications and later be included as advisory material in a supplement to Chapter I-4 of the Federal Personnel Manual.

To obtain the maximum benefit from the changes in the Regulations, agencies should announce the revisions to employees in conjunction with agency adoption of, or renewed emphasis on, a positive program to use the ideas expressed in this letter to encourage good practical suggestions and facilitate efficient administration.

In view of the policy set by the Congress through enactment of the Government Employees Incentive Awards Act, and in view of the ever-present need to reduce costs and improve efficiency of operations, it is important that agencies make full use of the incentive awards program to encourage employees to be cost conscious and improvement minded.



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